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Sofer & Haroun LLP 317 Madison Avenue Suite 910 New York, NY 10017			CHENCINSKI, SIEGFRIED E	
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 09/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/541,197	GOLDEN, JEROME S. <i>SJ</i>
	Examiner	Art Unit
	Siegfried E. Chencinski	3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 17 August 2004.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-54 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-54 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

<p>1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)</p> <p>2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)</p> <p>3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____</p>	<p>4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s)/Mail Date _____</p> <p>5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)</p> <p>6) <input type="checkbox"/> Other: _____</p>
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DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on august 17, 2004 has been entered.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-54 are rejected because the claimed invention is directed to non-statutory subject matter. The inventions are not in the technological arts because they are not part of a computer method or system.

Double Patenting

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

3. **Claims 1, 14 & 30 are rejected** under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1 of U.S. Patent No. 5,933,815 (hereafter called the patent). Although the conflicting claims are not identical, they are not patentably distinct from each other because an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious to combine the teachings of the patent with the practitioner's own knowledge of the art to produce Applicant's invention.

Re. Claim 1. In the preamble the patent features a guaranteed life income, a measure of liquidity and an initial contribution of assets by the client. The application version features secure retirement income and the use of assets owned by the client. The difference between the two preambles is a lack of computerization in the application and no mention of liquidity. Applicant can cure the lack of computerization to overcome the above 35 USC 101 rejection. Liquidity potential is implied in claim 1 of the application through the assets which are not yet used up in the purchase life guarantee contracts. In both claims liquidity implicitly disappears when all assets have been used up/converted into guaranteed life benefits.

In the claim elements, the patent claim includes: the calculation of two distribution streams, at least a first period of limited time duration and a second period lasting for the remainder of the client's life; and, an allocation of assets between a first portion and a second portion, the second portion to be invested in a life contingent payment stream. The application's claim 1 elements contain the selection of a life benefit; specification of a conversion period of assets to the life guaranteed benefits; initial allocation of assets to be split between continued market based investments and the guaranteed life benefit contract; and three steps related to periodic reevaluations of the conversion period, the allocations of assets as long as all assets have not been converted into guaranteed benefits and the potential to adjust the employment of assets for the purpose of adjusting the payment stream. The differences between the patent's claim 1 and the application's claim 1 are the periodic reevaluation steps. However, these steps are well known within the art and are even required by law since the

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ordinary practitioner of the art is licensed and is legally required to review this kind of program contract with the client every 12 months. Applicant's patent is one of many examples of prior art for computerizing such a program. The various details are all features of the art taught to the thousands of ordinary practitioners whose knowledge of the subject is tested as part of the licensing process.

Re. Claim 14. The differences between claim 14 and the patent's claim 1 are differences which an ordinary practitioner of the art would have found obvious from his knowledge of the art, as follows: b) receiving information from the client, c) determining the market value of a benefit account, d) actuarial valuation, e) calculating total market values for various points in time, and f) calculating benefit payment streams for various points and periods in time. Each of these differences are techniques which were obvious and known to the ordinary practitioner of the art at the time of Applicant's invention because the practitioner is required to know these techniques. Further, ordinary practitioners have been providing these kinds of services for clients by hand and through numerous and increasingly sophisticated computer assisted methods for many years as the steady advances in computer capabilities have made possible.

Re. Claim 30. The differences between claim 30 and claim 1 of the patent are also differences which an ordinary practitioner of the art would have found obvious from his knowledge of the art, as follows: Claim 30 is basically the system claim for claim 1. The claim elements are fewer as systems steps are combined for the elements of claim 1. The substantive difference to claim 1 of the patent is the same as in the Application's claim 1, that of the periodic reevaluation steps of the client's retirement benefit payments program. As stated above, these steps are part of what the ordinary practitioner of the art had to offer clients at the time of Applicant's invention. The practitioner would have found it obvious to combine the teachings of the patent with his own knowledge to produce Applicant's invention for the purpose of offering retirement benefit payment programs to retiree clients as a way to earn fee income for himself.

Management of contracts such as Applicant's invention are overseen by the Security and Exchange Commission with whom such agents are registered. The 'measure of liquidity' feature in Applicant's patent suggests a multi-step conversion of

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assets to contracted benefits features over two or more time events, with various flexibility features. Registered insurance agents and financial planners have been providing similar contracts to clients on a customized basis for decades. Packaged products similar to this invention have been available since approximately 1984 according to an article entitled Handicapping the Savings Race (Best's Review (Life/Health), January 1999, p. 4, II. 29-30, 33). The article states: "Payout annuities, ... can convert a pool of assets into a guaranteed stream of payments .. has been considered by life insurers for 15 years". Companies with product offerings similar to those of Applicant's invention have been offered by such companies as The Hartford, Equitable, Alliance Bernstein since the 1990's, if not before. As such, it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to have combined his own art as recited in his U.S. Patent 5,933,815 with his broader knowledge of the insurance and financial planning industry for the purpose of introducing a more refined version of his prior invention to the market place. His stated motivation as presented in the specification is to present an integrated individual retirement system that offers the flexibility to change as needs change while moving to a secure retirement stage over time. This system should further address the confusing elements of insurance and actuarial products so that individuals can properly obtain a flexible benefit program that most nearly satisfies their retirement objectives and changed circumstance over time" (Specification, p. 4, II. 1-5). An ordinary practitioner of the art at the time of the invention would have found it obvious to combine the teachings of applicant's patent with his general knowledge of the art at the time of applicant's invention in order to earn fees through the provision of such an invention from other practitioners and from retirement clients.

The above are the reasons why the examiner finds obviousness double patenting in this application over Applicant's patent 5,933,815.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

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(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 1-4, 6, 7, 40, 41, 45 & 47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarbox (US Patent 6,154,732) in view of Jones (US Patent 6,021,397), and further in view of Cooperstein (US Patent 5,893,071), Barron's Dictionary of Insurance Terms, 3rd Ed., Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, Best's Review, Jan. 1999, the Dictionary of Investing by Jerry M. Rosenberg and The VNR Investor's Dictionary by Brownstone & Franck.

Re. Claim 1, Tarbox discloses a method for providing a client with a secure retirement program using assets owned by said client, comprising the steps of (Col. 1, line 61 – Col. 2, line 3, Col. 2, Lines 35-36):

- selecting at least one desired benefit for retirement from a group of available secure guaranteed life dependent benefits wherein the value of each of said benefits is based on actuarial valuations (Col. 1, line 66, Col. 4, I.65 – Col. 5, II. 5, 20-41. Selecting is inherent. Selection of a secure guaranteed dependent benefit is an inherent from the menu of approved and available registered contracts. Also inherent is the actuarial valuation in a life dependent contract);
- specifying an allocation plan of a desired portion of said assets towards a purchase of said selected benefits during a future period of time (Tarbox – Abstract; Col. 1, II. 56-16, 17, 61-64; Col. 2, II. 35-36, 59-64; Col. 3, II. 63-67; Col. 4, II. 1-18Col. 5, 24-25; Col. 11, II. 59-60; Col. 13, II. 3-4).
- allocating portions of said assets among at least one asset vehicle from a plurality of available asset vehicles such that said asset vehicles are employed to generate investment and towards purchasing a fraction of said selected benefits by funds corresponding to said at least one asset vehicle at selected intervals within said period of time (Col. 1, line 3, Col. 2, Lines 35-36. The entire Tarbox teaching is about employing assets for investment which hopefully will generate positive returns on the investment for retirees/pensioners. Further,

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Tarbox also discloses specifying an allocation period for allocating a desired portion of said assets to said selected benefits during said allocation period (Col. 1, ll. 61-64; Col. 2, lines 35-46).

Tarbox does not explicitly disclose

- the conversion of assets and related conversion periods
- for each of said selected intervals, determining the value of said purchased benefit to date so that when combined with the market value of said asset vehicles, a total client market value is developed to allow said client to make changes comprising a change of length of said conversion period and a change in said purchased benefits;
- for each of said selected intervals calculating a target benefit payment corresponding to the amount of benefit that can be purchased if said total client market value is used to accelerate the conversion period immediately
- calculating benefit payments corresponding to said selected retirement benefits for said client during and after said conversion period, so as to make benefit payments to said client, wherein each of said benefit payments during said conversion period is made from the sum of two components comprising at least one asset vehicle component and said purchased benefits component, and said benefit payments after said conversion period are provided by said purchased benefits (This is obvious to an ordinary practitioner of the art because it is a standard practice for licensed representatives in the insurance and financial planning industries to show a customer the various representative benefit options available to them as expressed in dollars.).

However, conversion is well known in the financial services art. This is disclosed by Barron's Dictionary of Insurance Terms, Barron's Dictionary of Finance and Investment Terms, Best's Review and The Dictionary of Investing. Barron's Dictionary of Insurance Terms states in pp. 103-104 that ""in group health insurance, (conversion is) a provision that allows a certificate holder to convert group coverage to an individual policy under specified conditions; also, the conversion of an employee's contributions of a defined

benefit plan into a life annuity benefit payment stream at retirement". Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, p. 119 defines conversion as "the transfer of mutual fund shares without charge from one fund to another fund in a single family", and, "in insurance, switch from short-term to permanent insurance". Best's Review, in the Jan. 1999 issue, cites a "conversion of assets" product with a guaranteed stream of payments as being in use for 15 years. The Dictionary of Investing demonstrates that conversion of financial instruments is a widely known and used device by disclosing the definition of 20 financial conversion related terms. Finally, The VNR Investor's Dictionary defines conversion as "The act of exchanging one instrument of value for another, as in ... a conversion from bonds to or preferred stock to common stock". It would therefore have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have considered the conversion of financial contracts as well known in the art and to have applied the concepts of conversion over a period of time during which the conversion from one asset to another takes place under either a fixed or negotiable set of contractual conditions. A financial institution might, for example, offer a fixed set of conditions or limited options thereof to convert assets below a certain value and might offer a negotiated set of conversion conditions to assets valued above such a threshold.

Tyler discloses:

- for each of said selected intervals, determining the value of said purchased benefit to date so that when combined with the market value of said asset vehicles, a total client market value is developed to allow said client to make changes comprising a change of length of said conversion period and a change in said purchased benefits (Col. 1, ll. 54-58); and
- for each of said selected intervals calculating a target benefit payment corresponding to the amount of benefit that can be purchased if said total client market value is used to accelerate the conversion period immediately (Col. 1, ll. 54-58. An ordinary practitioner of the art does this routinely because it is a standard practice for licensed representatives in the insurance and financial planning industries to show a customer the benefit options available

to them, including the maximums of the basic scenarios. In this case this calculation produces one of the maximum benefit payment scenarios.). Jones and Cooperstein disclose calculating benefit payments corresponding to said selected retirement benefits for said client during and after said conversion period, wherein said benefit payments during said conversion period are made from said at least one asset vehicle and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits (Jones - Abstract, lines 1-4 - simulation; Cooperstein - Col. 3, lines 30-40 - annuity). Further, it is obvious that these contracts are all about payments being made and/or which are to be made to a beneficiary, who can be the user/client/owner of a policy contract or a beneficiary designated by the user/client/owner of the policy contract. The details of the chosen arrangements obviously can involve simultaneous payments from both the old/existing asset(s) and from the new benefit contract during a conversion period in those cases where the old/existing asset is, or is in a position to, make benefit payments since that is all a part of the well known practice of conversions. Among those of ordinary skill in this art are tens of thousands of Chartered Life Underwriters (CLU) and Chartered Financial Consultants (ChFC). According to Barron's Dictionary of Insurance Terms, both of these professional designations are awarded by the American College after passing national examinations in insurance, investments, taxation, employee benefit plans, estate planning, accounting, management and economics. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox with the disclosures of Jones, Cooperstein, Barron's Dictionaries of Insurance Terms and Finance and Investment Terms, Best's Review and the Dictionary of Investment to provide a method for the conversion of personal assets into an individual retirement benefit program. The outcome of these combinations with the knowledge possessed by the ordinary practitioner will have the results an ordinary practitioner would know to expect. The motivation for this combination would have been to provide more disclosure of the workings of the purchased benefit plans so that customers can appreciate and act on the critical components of such contracts (Cooperstein, Col. 3, II. 6-11).

Re. Claims 2 & 3, Tarbox, Jones and Cooperstein do not explicitly disclose:

- **Re. Claim 2,** the method of claim 1, further comprising the step of accelerating said conversion period such that the remaining allocated asset of said client is applied to the purchase of said selected benefits at any time during said conversion period.
- **Re. Claim 3,** the method of claim 2, further comprising the step of allowing said client to accelerate said conversion period such that the remaining allocated assets of said client are applied to the purchase of said selected benefits.

However, Barron's Dictionary of Insurance Terms discloses:

- **Re. Claim 2,** a method of claim 1, further comprising the step of accelerating said conversion period such that the remaining allocated asset of said client is applied to the purchase of said selected benefits at any time during said conversion period (Acceleration - page 2).
- **Re. Claim 3,** a method of claim 2, further comprising the step of allowing said client to accelerate said conversion period such that the remaining allocated assets of said client are applied to the purchase of said selected benefits (Acceleration - page 2).

Barron's demonstrates that acceleration of benefits is a long standing tool in the insurance segment of the financial services industry. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox, Jones and Cooperstein with the disclosures of Barron's Dictionary of Insurance to provide a method for the conversion of personal assets into an individual retirement benefit program which is capable of making use of enhanced features when a need for such features arises (Cooperstein, Col. 3, ll. 6-11).

Re. Claim 4, Tarbox discloses a method of claim 1, further comprising the step of querying said client with a plurality of decisions concerning the types of benefits desired by said client (Col. 2, lines 1-3, 52-58).

Re. Claim 6, Tarbox discloses a method of claim 4 further comprising the step of querying said client a choice of conversion periods for allocating said client's asset towards said selected benefits (Col. 2, lines 1-3, 52-58, Inherent).

Re. Claim 7, Tarbox discloses a method of claim 6 further comprising the step of selecting a plurality of conversion periods corresponding to a plurality of different assets owned by said client (Col. 2, lines 1-3, 52-58, Inherent).

Re. Claim 40, Tarbox discloses method in accordance with claim 1 wherein said desired portion of said assets is the entire amount of said asset (T- Col. 3, lines 42-47, effects of self direction).

Re. Claim 41, Tarbox, Jones and Barron's Dictionary of Insurance Terms do not explicitly disclose a method in accordance with claim 1 further comprising the step of making benefit payments in accordance with said calculating step. However, Cooperstein discloses a method in accordance with claim 1 further comprising the step of making benefit payments in accordance with said calculating step (Col. 5, lines 4-10). Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox, Jones and Barron's Dictionary of Insurance with the disclosures of Cooperstein to provide a method for the conversion of personal assets into an individual retirement benefit program.

Re. Claim 45, Tarbox discloses a method in accordance with claim 1 further comprising the step of modifying the length of said conversion period at any time during said conversion period (Col. 3, lines 42-47, effects of self direction).

Re. Claim 47, Tarbox discloses a method in accordance with claim 7 further comprising the step of selecting by said client desired benefits to be received (Col. 1, line 66, selecting is inherent).

6. Claims 5, 8-13, 46, 48, 52 & 53 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarbox in view of Jones, Cooperstein and the Barron's Dictionary of Insurance Terms as applied to claims 1 & 4 above, and further in view of Tyler (US Patent 5,523,942).

Re. Claims 5, 8-13, 52 & 53, Tarbox, Jones, Cooperstein and the Barron's Dictionary of Insurance Terms do not explicitly disclose:

- **Re. Claim 5,** a method of claim 4, wherein said step of querying further comprises the step of allowing a client to select at least one retirement benefit from a group consisting of pension benefit, survivor pension benefit, caregiver income benefit, legacy income benefit, legacy lump sum benefit and long term care benefit.
- **Re. Claim 8,** a method according to claim 7 further comprising the step of receiving health status and age information from said client.
- **Re. Claim 9,** a method of claim 8 further comprising the step of allowing said client to select at least one asset vehicle account and one investment vehicle from a plurality of asset vehicle accounts and investment vehicles.
- **Re. Claim 10,** a method of claim 1, wherein said step of determining further comprises the steps of:
 - performing actuarial valuation at said selected intervals so as to determine the value of each of said benefits to be purchased during said conversion period;
 - calculating the market value of remaining assets to be converted during the remaining portion of said conversion period; and
 - allocating said identified assets towards the purchase of said benefits based on said actuarial valuation of each of said benefits.
- **Re. Claim 11,** a method according to claim 10 further comprising the step of simulating results of conversion for various hypothetical conversion periods and various desired benefits using investment vehicles specified by said client; and simulation purchase price of said benefits during said simulation, wherein said simulation step employing a plurality of random market scenarios and simulation of purchase for each of said desired benefits during said hypothetical conversion.

- **Re. Claim 12**, a method according to claim 11 further comprising the step of employing a statistical analysis to determine probabilities of achieving desired benefits at the end of said hypothetical conversion periods.
- **Re. Claim 13**, a method according to claim 10 further comprising the step of allowing said client to modify any one of said benefits.
- **Re. Claim 52**, a method in accordance with claim 1 further comprising the step of
 - maintaining regulations concerning said benefit payments; and
 - applying said regulations during said step of calculating said benefit payments.
- **Re. Claim 53**, a method in accordance with claim 52 wherein said regulations comprise applicable tax laws.

However, **re. Claim 11**, Jones discloses a method according to claim 10 further comprising the step of simulating results of conversion for various hypothetical conversion periods and various desired benefits using investment vehicles specified by said client, said simulation step employing a plurality of random market scenarios (Col. 2, lines 49-51).

Further, Tyler discloses:

- **Re. Claim 5**, a method of claim 4, wherein said step of querying further comprises the step of allowing a client to select at least one retirement benefit from a group consisting of pension benefit, survivor pension benefit, caregiver income benefit, legacy income benefit, legacy lump sum benefit and long term care benefit (Abstract; Choices of Life Insurance Proposals).
- **Re. Claim 8**, a method according to claim 7 further comprising the step of receiving health status and age information from said client (Col. 1, line 45; Col. 4, lines 65-67; Col. 5, lines 32-36).
- **Re. Claim 9**, a method of claim 8 further comprising the step of allowing said client to select at least one asset vehicle account and one investment vehicle from a plurality of asset vehicle accounts and investment vehicles (Col. 1, lines 49-58; Col. 4, line 65 – Col. 5, line 5).

- **Re. Claim 10**, a method of claim 1, wherein said step of determining further comprises the steps of:
 - performing actuarial valuation at said selected intervals so as to determine the value of each of said benefits to be purchased during said conversion period (Col. 5, lines 2-5, lines 11-18);
 - calculating the market value of remaining assets to be converted during the remaining portion of said conversion period (Col. 5, lines 11-18; Col. 6, lines 59-65); and
 - allocating said identified assets towards the purchase of said benefits based on said actuarial valuation of each of said benefits (Col. 6, lines 13-45).

Re. Claim 12, a method according to claim 11 further comprising the step of employing a statistical analysis to determine probabilities of achieving desired benefits at the end of said hypothetical conversion periods (Col. 3, lines 42-47, effects of self direction; Jones - Col. 2, lines 37-38, 49-64).

Re. Claim 13, a method according to claim 10 further comprising the step of allowing said client to modify any one of said benefits (Col. 6, lines 13-14).

Re. Claim 52, a method in accordance with claim 1 further comprising the step of

- maintaining regulations concerning said benefit payments (Col. 1, lines 49-58; Col. 5, lines 20-21; inherent in financial product information disclosure); and
- applying said regulations during said step of calculating said benefit payments (Col. 1, lines 49-58; Col. 5, lines 20-21; inherent in financial product benefit designs and benefit calculations).
- **Re. Claim 53**, a method in accordance with claim 52 wherein said regulations comprise applicable tax laws (Col. 1, lines 49-58; Col. 5, lines 20-21; inherent in financial product designs and benefit calculations).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox, Jones, Cooperstein and

Barron's Dictionary of Insurance with the disclosures of Tyler to provide a method for the conversion of personal assets into an individual retirement benefit program.

Re. Claim 46, Tarbox discloses a method in accordance with claim 5 further comprising the step of allowing a user to select a benefit program payment index for said benefits (Col. 3, lines 42-47, effects of self direction).

Re. Claim 48, Tarbox discloses a method in accordance with claim 12 further comprising the step of enabling a user to select specific probabilities and to review results corresponding to said selections (Col. 3, lines 42-47, effects of self direction).

7. **Claims 42-44 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Tarbox in view of Jones, Cooperstein and Barron's Dictionary of Insurance Terms as applied to claim 1 above, and further in view of Banks (US Patent 5,913,198).

Re. Claim 42, neither Tarbox, Jones nor Cooperstein explicitly disclose:

- a method in accordance with claim 1 further comprising the step of accelerating said conversion step when the market value of said investment vehicles reaches a predefined threshold level.
- a method in accordance with claim 1 further comprising the step of providing a stop/loss indication information.

However, Barron's Dictionary of Insurance Terms discloses a method in accordance with claim 1 further comprising the step of accelerating said conversion step when the market value of said investment vehicles reaches a predefined threshold level (Acceleration - page 2).

And, Banks discloses a method of providing a stop/loss indication information (Col. 9, line 29).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox, Jones, Cooperstein and with the disclosures of Barron's Dictionary of Insurance and Banks to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claims 1 & 42.

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Re. Claim 43, Tarbox discloses a method in accordance with claim 42 wherein said predefined threshold level corresponds to a desired high market value (Col. 3, lines 42-47, effects of self direction).

Re. Claim 44, Tarbox discloses a method in accordance with claim 42 wherein said predefined threshold level corresponds to a desired low market value (Col. 3, lines 42-47, effects of self direction).

8. Claims 14-25 are rejected under 35 U.S.C. 103(a) as being disclosed by Tyler (US Patent 5,523,942) in view of Jones, Cooperstein, Barron's Dictionary of Insurance Terms, 3rd Ed., Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, Best's Review, Jan. 1999, the Dictionary of Investing by Jerry M. Rosenberg and The VNR Investor's Dictionary by Brownstone & Franck.

Re. Claim 14, Tyler discloses a method for providing a client with a secure benefit account, said method comprising the steps of:

- identifying assets of said client employed towards purchase of plurality of secure guaranteed life dependent benefits in said benefits account, wherein the value of each of said life dependent benefits is based on actuarial valuations (Col. 1, line 45; Col. 4, lines 65-67; Col. 5, lines 32-36. guaranteed life products are a major part of the product class in the practitioner's inventory.);
- receiving information from said client corresponding to said benefits in said benefits account (Col. 1, line 45; Col. 4, lines 65-67; Col. 5, lines 32-36);
- performing actuarial valuation so as to determine the market value of each of said benefits in said benefits account (Col. 5, lines 2-5, lines 11-18);
- allocating said identified assets towards the purchase of at least a portion of said benefits based on said actuarial valuation of each of said benefits at selected intervals within a conversion period wherein said identified assets are employed to generate investment returns during any conversion period (Col. 6, lines 13-45, especially II. 21-25 & 37-40. Insurance companies sell various products which

offer payment benefit streams to a living policy owner, including annuities, mixed life-benefit payment stream policies, and other pure investment products;

- for each of said selected interval determining the market value of aid purchased benefits to date based on actuarial valuations so that when combined with the market value of said identified assets, a total client market value is developed to allow said client to make changes comprising a change of length of said conversion period and a change in said purchased benefits (Col. 1, II. 54-58);
- for each of said selected intervals calculating a target benefit payment corresponding to the amount of benefit that can be purchased if said total client market value is used to accelerate the conversion period immediately (Col. 1, II. 54-58. An ordinary practitioner of the art does this routinely because it is a standard practice for licensed representatives in the insurance and financial planning industries to show a customer the benefit options available to them, including the maximums of the basic scenarios. In this case this calculation produces one of the maximum benefit payment scenarios.).

Tyler does not explicitly disclose calculating benefit payments corresponding to said benefits for said client during and after said conversion period, so as to make benefit payments to said client wherein each of said benefit payments during said conversion period is made from the sum of two components comprising said identified asset component and said purchased benefits component, and said benefit payments after said conversion period are provided by said purchased benefits. However, actuarial calculations are at the core of an insurance company's business. Jones and Cooperstein disclose calculating benefit payments corresponding to said benefits for said client during and after said conversion period (Jones - Abstract, lines 1-4 - simulation; Cooperstein - Col. 3, lines 30-40 – annuity. It is obvious to present benefit payments as a combined payment stream when presenting a package under one overall contract proposal).

Also, Tyler does not explicitly disclose a conversion period. However, conversion is well known in the financial services art as disclosed by Barron's Dictionary of Insurance Terms, pp. 103-104, which states ""in group health insurance, a provision that allows a

certificate holder to convert group coverage to an individual policy under specified conditions; also, the conversion of an employee's contributions of a defined benefit plan into a life annuity benefit payment stream at retirement. Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, p. 119 defines conversion as "the transfer of mutual fund shares without charge from one fund to another fund in a single family", and, "in insurance, switch from short-term to permanent insurance". Best's Review, in the Jan. 1999 issue, cites a "conversion of assets" product with a guaranteed stream of payments as being in use for 15 years. The Dictionary of Investing demonstrates that conversion of financial instruments is a widely known and used device by disclosing the definition of 20 financial conversion related terms. Finally, The VNR Investor's Dictionary defines conversion as "The act of exchanging one instrument of value for another, as in a conversion from bonds to or preferred stock to common stock". It would therefore have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have considered the conversion of financial contracts as well known in the art and to have applied the concepts of conversion over a period of time during which the conversion from one asset to another takes place under either a fixed or negotiable set of contractual conditions. A financial institution might, for example, offer a fixed set of conditions or limited options thereof to conversion assets below a certain value and might offer a negotiated set of conditions to assets valued above such a threshold.

Tyler does not explicitly disclose wherein said benefit payments during said conversion period are made from said identified asset and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits. However, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention that benefit payments during said conversion period are made from said identified asset and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits, unless the conversion period is zero, i.e. there is no conversion period. As long as the identified asset(s) are of sufficient size to meet contractual payment criteria they will continue to produce the benefits in an approximate ratio to their original size until the underlying assets are

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reduced to zero, which is at the end of the conversion period. The stream of new benefits payments will begin to flow in proportion to their increasing funding size and will achieve their maximum size when they are fully funded at the end of the conversion period. Further, it is obvious that these contracts are all about payments being made and/or which are to be made to a beneficiary, who can be the user/client/owner of a policy contract or a beneficiary designated by the user/client/owner of the policy contract. The details of the chosen arrangements obviously can involve simultaneous payments from both the old/existing asset(s) and the new benefit contract during a conversion period in those cases where the old/existing asset is or is in a position to make benefit payments since that is all a part of the well known practice of conversions. Among those of ordinary skill in this art are tens of thousands of Chartered Life Underwriters (CLU) and Chartered Financial Consultants (ChFC), (see the rejection of claim 1). Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the art of Tyler with the art of Jones and Cooperstein and with the obvious concept of benefit payments continuing from existing investments until they are depleted while beginning to receive payments from new investments or investment contracts, and that once a conversion period is completed that only the new investments will be paying benefits. The outcome of these combinations with the knowledge possessed by the ordinary practitioner would have had the results an ordinary practitioner would know to expect. The motivation for this combination would have been to provide more disclosure of the workings of the purchased benefit plans so that customers can appreciate and act on all such contracts critical components (Cooperstein, Col. 3, II. 6-11).

Re. Claim 15, Tyler discloses a method according to claim 14 further comprising the step of identifying a plurality of benefits desired by said client (Col. 1, line 45; Col. 4, lines 65-67; Col. 5, lines 32-36).

Re. Claim 16, Tyler discloses a method according to claim 15 wherein said step of receiving information from said client further comprises the step of receiving from said client at enrollment and from time to time thereafter information from said client so as to allow modifications of said benefits (Col. 2, lines 40-55).

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Re. Claim 17, Tyler discloses a method according to claim 16 wherein said step of receiving information from said client further comprises the step of receiving said client's choice of asset vehicle account (Col. 6, lines 13-14).

Re. Claim 18, Tyler discloses a method according to claim 17 further comprising the step of receiving said client's choice of investment vehicles in said asset vehicle account (Col. 6, lines 13-14).

Re. Claim 19, Tyler discloses a method according to claim 16 further comprising the step of allowing said client to modify at least one of said benefits (Col. 2, lines 40-55).

Re. Claim 20, Tyler discloses a method according to claim 19 further comprising the step of calculating benefit payments to said client and providing results of said calculations corresponding to a change in said benefits (Col. 5, lines 11-13).

Re. Claim 21, Tyler discloses a method according to claim 20 wherein said step of calculating benefit payments further comprises the step of actuarially evaluating the value of each of said benefits to be modified by said client (Col. 5, lines 2-5, lines 11-18).

Re. Claim 22, Tyler discloses a method according to claim 21 further comprising the step of receiving an instruction from said client to modify a benefit in said client's benefit account (Col. 2, lines 40-55).

Re. Claim 23, Tyler discloses a method according to claim 22 further comprising the step of employing a regulation database for evaluating the value of each of said benefits to be modified by said client (Col. 1, lines 49-58; Col. 5, lines 20-21; inherent in financial product information disclosure).

Re. Claim 24, Tyler discloses a method according to claim 23 further comprising the step of allowing said client to allocate said client's assets towards at least one of said benefits from a group of benefits consisting of pension payments, survivor pension payments, caregiver income payments, legacy income payments, legacy lump sum payments and long term care payments_(Col. 6, lines 13-14; Col. 5, lines 2-5).

Re. Claim 25, Tyler discloses a method according to claim 24 wherein said step of modifying said benefits includes the step of increasing benefit payments corresponding

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to one of said benefits and decreasing benefit payments corresponding to another one of said benefits (Col. 2, lines 41-55).

9. Claims 26-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tyler as applied to claim 21 above, and further in view of Jones and Barron's Dictionary of Insurance Terms.

Tyler does not explicitly disclose:

Re. Claim 26, a method according to claim 21 further comprising a step of gradually allocating said assets of said client towards the purchase of said benefits during a conversion period as set forth by said client.

Re. Claim 27, a method according to claim 26 further comprising the step of allowing said client to allocate said assets to a choice of a plurality of investment vehicles in various asset vehicle accounts.

Re. Claim 28, a method according to claim 27 further comprising the step of simulating results of conversion for various hypothetical conversion periods and various desired benefit and investment vehicle scenarios, and further simulating purchase price of each desired benefit during said hypothetical conversion.

Re. Claim 29, a method according to claim 28 further comprising the step of employing a statistical analysis to determine probabilities of achieving desired benefits at the end of said conversion periods.

However, Jones discloses:

Re. Claim 26, a method according to claim 21 further comprising a step of gradually allocating said assets of said client towards the purchase of said benefits during a conversion period as set forth by said client (Barron's Dictionary of Insurance Terms, pp. 103-104; Jones - Col. 2, lines 49-51).

Re. Claim 27, a method according to claim 26 further comprising the step of allowing said client to allocate said assets to a choice of a plurality of investment vehicles in various asset vehicle accounts (Jones - Col. 6, lines 13-14).

Re. Claim 28, a method according to claim 27 further comprising the step of simulating results of conversion for various hypothetical conversion periods and various desired

benefit and investment vehicle scenarios, and further simulating purchase price of each desired benefit during said hypothetical conversion (Jones - Col. 2, lines 49-51. It is obvious that all facets, including costs, benefits and conversion values, would be included in a simulation of this kind).

Re. Claim 29, a method according to claim 28 further comprising the step of employing a statistical analysis to determine probabilities of achieving desired benefits at the end of said conversion periods (Jones - Col. 2, lines 36-44).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tyler with those of Jones and Barron's Dictionary of Insurance to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claims 14, 15, 16, 19-21 & 26-29.

10. Claim 49 is rejected under 35 U.S.C. 103(a) as being unpatentable over Tyler as applied to claim 14 above, further in view of Barron's Dictionary of Finance and Investment Terms, 4th Ed.

Re. Claim 49, Tyler does not explicitly disclose a method in accordance with claim 14 further comprising the step of specifying a collar corresponding to a range of target incomes a user intends to receive.

However, Tarbox discloses a method in accordance with claim 14 further comprising the step of specifying a collar corresponding to a range of target incomes a user intends to receive (Collar – establishing a minimum and/or a maximum income per Barron's Dictionary of Finance and Investment Terms, 4th Ed., 1995, p. 101; Tarbox - Col. 3, lines 42-47, effects of self direction).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tyler with the disclosures of Tarbox and Barron's Dictionary of Insurance to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claim.

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11. Claim 54 is rejected under 35 U.S.C. 103(a) as being unpatentable over Tyler as applied to claim 16 above, and further in view of Ryan (US Patent 5,673,402).

Re. Claim 54, Tyler does not explicitly disclose a method in accordance with claim 16 further comprising the step of modifying said benefits by at least one of said client's survivor. However, Ryan discloses a method in accordance with claim 16 further comprising the step of modifying said benefits by at least one of said client's survivor (Col. 21, lines 50-51, 54-56). Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tyler with the disclosures of Ryan to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claim.

12. Claim 50 is rejected under 35 U.S.C. 103(a) as being unpatentable over Tyler as applied to claim 20 above, and further in view of Cooperstein.

Re. Claim 50, Tyler does not explicitly disclose a method in accordance with claim 20 further comprising the step of making benefit payments in accordance with said calculating step. However, Cooperstein discloses a method in accordance with claim 20 further comprising the step of making benefit payments in accordance with said calculating step (Col. 5, lines 4-10). Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tyler with the disclosures of Cooperstein to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claims 14 & 50.

13. Claims 30-37 & 51 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarbox in view of Tyler, and further in view of Barron's Dictionary of Insurance Terms, 3rd Ed., Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, Best's Review, Jan. 1999, the Dictionary of Investing by Jerry M. Rosenberg and The VNR Investor's Dictionary by Brownstone & Franck.

Re. Claim 30, Tarbox discloses a secure retirement system for a client with a secure retirement program, using assets owned by said client said system comprising:

- an interactive component for enabling said client to respond to a plurality of decision queries, wherein at least one of said decision queries allows said client to select at least one life dependent secure guaranteed benefit for retirement from a plurality of different types of said benefits available via said system, wherein each of said benefits is valued based on actuarial valuations (Col. 2, lines 1-3, 52-58. Secure life benefits and actuarial valuations are the primary stock in the trade of providers of pension and life insurance benefits.);
- allocating assets associated with said client towards purchase of said selected benefit for retirement at selected intervals during a conversion period (Tarbox – Abstract; Col. 1, II. 56-16, 17, 61-64; Col. 2, II. 35-36, 59-64; Col. 3, II. 63-67; Col. 4, II. 1-18Col. 5, 24-25; Col. 11, II. 59-60; Col. 13, II. 3-4);

Tarbox does not explicitly disclose

- a conversion component for allocating assets;
- a valuation of benefit component configured to determine the market value of said purchased benefits to date so that when combined with the market value of said assets, a total client market value is developed to allow said client to make changes including a change of length of said conversion, period and a change in said purchased benefits;
- a payment process component configured to provide information relating to a target benefit payment corresponding to the amount of benefit that can be purchased if said total client market value is used to accelerate the conversion period immediately, said payment process component further configured to provide benefit payments corresponding to said selected benefits for retirement during and after said conversion period, wherein said benefit payments during said conversion period are made from said assets and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits such that said assets are employed to generate investment returns during said conversion period.

Tyler discloses:

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- a component for allocating assets associated with said client towards purchase of said selected benefit for retirement at selected intervals during a specified period of time (Col. 1, lines 35-48; Col. 2, lines 41-55; Col. 6, lines 13-45);
- a valuation of benefit component configured to determine the market value of said purchased benefits to date so that when combined with the market value of said assets, a total client market value is developed to allow said client to make changes including a change of length of said conversion, period and a change in said purchased benefits (Col. 1, II. 54-58); and
- a payment process component configured to provide information relating to a target benefit payment corresponding to the amount of benefit that can be purchased if said total client market value is used to accelerate the conversion period immediately, said payment process component further configured to provide benefit payments corresponding to said selected benefits for retirement during and after said conversion period, wherein said benefit payments during said conversion period are made from said assets and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits such that said assets are employed to generate investment returns during said conversion period (Col. 5, lines 2-5; Col. 13, lines 20-35. inherent are the detailed terms and conditions of the contract, which includes the payment plan(s) included therein.).

However, conversion is well known in the financial services art. This is disclosed by Barron's Dictionary of Insurance Terms, Barron's Dictionary of Finance and Investment Terms, Best's Review and The Dictionary of Investing. Barron's Dictionary of Insurance Terms states in pp. 103-104 that ""in group health insurance, (conversion is) a provision that allows a certificate holder to convert group coverage to an individual policy under specified conditions; also, the conversion of an employee's contributions of a defined benefit plan into a life annuity benefit payment stream at retirement". Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995, p. 119 defines conversion as "the transfer of mutual fund shares without charge from one fund to another fund in a single

family", and, "in insurance, switch from short-term to permanent insurance". Best's Review, in the Jan. 1999 issue, cites a "conversion of assets" product with a guaranteed stream of payments as being in use for 15 years. The Dictionary of Investing demonstrates that conversion of financial instruments is a widely known and used device by disclosing the definition of 20 financial conversion related terms. Among those of ordinary skill in this art are tens of thousands of Chartered Life Underwriters (CLU) and Chartered Financial Consultants (ChFC), (see the rejection of claim 1). It would therefore have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have considered the conversion of financial contracts as well known in the art and to have applied the concepts of conversion over a period of time during which the conversion from one asset to another takes place under either a fixed or negotiable set of contractual conditions. A financial institution might, for example, offer a fixed set of conditions or limited options thereof to convert assets below a certain value and might offer a negotiated set of conversion conditions to assets valued above such a threshold.

The outcome of these combinations with the knowledge possessed by the ordinary practitioner will have the results an ordinary practitioner would know to expect. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox with the disclosures of Tyler, Cooperstein, Barron's Dictionaries of Insurance Terms and Finance and Investment Terms, Best's Review and the Dictionary of Investment to provide a method for the conversion of personal assets into an individual retirement benefit program. The outcome of these combinations with the knowledge possessed by the ordinary practitioner will have the results an ordinary practitioner would know to expect. The motivation for this combination would have been to provide more disclosure of the workings of the purchased benefit plans so that customers can appreciate and act on the critical components of such contracts (Cooperstein, Col. 3, ll. 6-11).

Re. Claim 31, Tarbox discloses a secure retirement system of claim 30, wherein said interactive element is an Internet Web site (Col. 6, lines 47-53).

Re. Claim 36, Tarbox discloses a secure retirement system of claim 31, wherein said conversion component allows acceleration of said conversion period such that the entire remaining asset of said client is allocated towards the purchase of said selected benefits at any time during said conversion period (Col. 3, lines 42-47, effects of self direction).

Tyler discloses:

Re. Claim 32, a secure retirement system of claim 31, wherein said assets comprise a plurality of asset categories from a group consisting of qualified plans, home equity, annuities, life insurance, personal equity and fixed income investments (Col. 5, lines 2-5).

Re. Claim 33, a secure retirement system of claim 32, wherein said asset categories are coupled to a plurality of asset vehicle accounts from a group of accounts consisting of IRA, annuity, reverse mortgage mutual fund and brokerage accounts (Col. 5, lines 2-5).

Re. Claim 34 a secure retirement system of claim 33 wherein said asset vehicle accounts include investment vehicles from a group of investment vehicles consisting of money market funds, bond funds, index funds, market linked deposits and stocks (Col. 5, lines 2-5).

Re. Claim 35, a secure retirement system of claim 31, wherein said decision queries comprise a choice of decisions from a group consisting of a conversion period decision, an asset vehicle decision, a collar decision, a benefit index decision, a pension benefit decision, a survivor benefit decision, a caregiver benefit decision, a long term care benefit decision, a legacy income payment decision, and a legacy lump sum payment decision (Abstract – Choices of Life Insurance proposals, Col. 5, lines 2-5).

Re. Claim 37, a secure retirement system of claim 34, further comprising:

- an actuarial valuation component for performing actuarial valuation at said selected intervals so as to determine the value of each of said benefits purchased during said conversion period (Col. 5, lines 2-5, lines 11-18); and

- a valuation of asset vehicle component for calculating the market value of remaining assets to be converted during the remaining portion of said conversion period (Col. 5, lines 11-18; Col. 6, lines 59-65).

Re. Claim 51, a method in accordance with claim 32 wherein said personal equity includes mutual funds (Col. 5, lines 2-5).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox and Barron's Dictionary of Insurance Terms with the disclosures of Tyler to provide a method for the conversion of personal assets into an individual retirement benefit program as described in claims 30-37 & 51.

14. Claims 38 & 39 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarbox, Tyler and Barron's Dictionary of Insurance Terms as applied to claim 37 above, and further in view of Jones.

Tarbox does not explicitly disclose:

Re. Claim 38, a secure retirement system comprising a simulation process component for simulating results of conversion for various hypothetical conversion periods and various desired benefits using investment vehicles specified by said client, said simulation process component employing a plurality of random market scenarios and simulation of purchase price of benefits for each of said desired benefits during said hypothetical conversion.

- **Re. Claim 39**, a secure retirement system of claim 38 wherein said simulation process component employs a statistical analysis to determine probabilities of achieving desired benefits at the end of said hypothetical conversion periods.

However, Jones discloses:

Re. Claim 38, Jones discloses a secure retirement system comprising a simulation process component for simulating results of conversion for various hypothetical conversion periods and various desired benefits using investment vehicles specified by said client, said simulation process component employing a plurality of random market scenarios and simulation of purchase price of benefits for each of said desired

benefits during said hypothetical conversion (Abstract, lines 1-4, simulation; Col. 2, lines 49-51. It is obvious that all facets, including costs, benefits and conversion values, would be included in a simulation of this kind).

Re. Claim 39, Jones discloses a secure retirement system of claim 38 wherein said simulation process component employs a statistical analysis to determine probabilities of achieving desired benefits at the end of said hypothetical conversion periods (Jones - Col. 2, lines 37-38, 49-64).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to combine the disclosures of Tarbox and Jones to provide a system for the conversion of personal assets into an individual retirement benefit program as described in claims 30, 38 & 39. The motivation for this combination is stated by Jones in Col. 2, ll. 13-17 "... what is needed is a financial advisory system that employs advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals".

Response to Arguments

15. Applicant's arguments filed on August 17, 2004 have been fully considered but they are not persuasive for the reasons stated below.

APPLICANT'S ARGUMENTS:

- A. In favor of the dictionary definition of "conversion".
- B. The challenge to the examiner's rejection of the conversion feature in the inventions presented through the Independent claims.
- C. The challenge to the examiner's obviousness rejections using combinations of prior art.
- D. The argument that certain references do not contain various elements of the claimed inventions.

REPLY TO ARGUMENTS

A. The examiner agrees that the general dictionary definition of conversion is most appropriate for this prosecution. The 10th Edition of The Merriam-Webster Collegiate Dictionary contains the following which seems appropriate to the context of this application:

Conversion: 1. "the act of converting: the process of being converted;
5. "something converted from one use to another".

Convert: 2 b (1) "to change from one form or function to another".

B. Evidence of Conversion in the prior art

The examiner has previously cited Barron's Dictionary of Insurance as evidence that conversion of insurance contracts and financial assets to a variety of insurance industry products is a well known practice in the art in question. For Applicant's convenience the examiner presents additional evidence in the above rejections and in this reply to argument. Best's Review stated in January of 1999 that a conversion product called a had been in use for 15 years. The textbook entitled Principles of Insurance: Life, Health, and Annuities by H.E. Jones and D.L. long, Second Edition, contains the following information: 1. The NAIC Model Act and the CLHIA Group Guidelines require group life insurance policies to include a conversion privilege (page 275, Conversion Privilege, II. 1-2). 2. Definition of Conversion privilege: (1) A term life insurance policy provision that allows the policy owner to change (convert) the term policy to a permanent plan of insurance without providing evidence that the insured is an insurable risk (p. 450). The Dictionary of Investing by Jerry M. Rosenberg lists numerous uses of the conversion concept in world of finance The VNR Investor's Dictionary defines conversion as "The act of exchanging one instrument of value for another, as in a conversion from bonds to or preferred stock to common stock". Also, large volumes of asset conversion service transactions have been the bread and butter of the thousands of financial planners in the United States. These ordinary practitioners of the art manage financial assets for individuals during their income producing years and then provide the service of packaging the conversion of these

assets into retirement assets on a customized basis. However, until the arrival of the internet, computer networks and computer automation through hardware and software since the latter 1980's these services were labor intensive, thus requiring a minimum of managed assets to make it worth while for a practitioner to accept a client. These services were thus only available to higher net worth individuals.(Reference – financial planners).

These references all demonstrate that ordinary practitioners of the financial arts, which include insurance, mutual funds, banking, equity and bond markets and mortgage financing, all understand and work with the concept of conversion of financial contracts on a routine basis. As such, the conversion of one kind of financial asset contract, such as mutual fund shares, to another financial contract, such as any package of guaranteed and not guaranteed management of financial assets and related payments, is obvious. The only issue is the trial and error process of packaging various types and combinations of these products and marketing them through distribution channels which will result in a profitable activity for all the parties. Marketing, sales and distribution innovation and providential good fortune are all necessary for success. However, these elements of success do not meet the standard of patentable novelty. Innovation in the computer world has presented the opportunity to bring the efficiency of computer automation and internet telecommunications efficiencies which permit the marketing of products to the mass market when these products and services had previously been restricted to higher net worth individuals. Asset minimums have been in the \$ 500,000 to \$ 1 million range.

C. Obviousness rejections using combinations of prior art and burden of proof.

Applicant's primary argument appears to rely on two rationales:

- (1) That the burden of proof for the examiner's judgment of obviousness is on the examiner, and
- (2) that there is no suggestion or motivation to make the obviousness combinations judged to be obvious by the examiner.

REPLY:

(1) Regarding the burden of proof argument, the examiner respectfully points to the following case law:

"[T]he PTO can require an applicant to prove that the prior art products do not necessarily or inherently possess the characteristics of his [or her] claimed product. Whether the rejection is based on inherency' under 35 U.S.C. 102, on *prima facie* obviousness' under 35 U.S.C. 103, jointly or alternatively, the burden of proof is the same...[footnote omitted]." The burden of proof is similar to that required with respect to product-by-process claims. *In re Fitzgerald*, 619 F.2d 67, 70, 205 USPQ 594, 596 (CCPA 1980) (quoting *In re Best*, 562 F.2d 1252, 1255, 195 USPQ 430, 433-34 (CCPA 1977)).

The MPEP states the following regarding the subject of unexpected results:

Any differences between the claimed invention and the prior art may be expected to result in some differences in properties. The issue is whether the properties differ to such an extent that the difference is really unexpected. *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986) (*differences in sedative and anticholinergic effects between prior art and claimed antidepressants were not unexpected*). *In re Waymouth*, 499 F.2d 1273, 1276, 182 USPQ 290, 293 (CCPA 1974), *the court held that unexpected results for a claimed range as compared with the range disclosed in the prior art had been shown by a demonstration of "a marked improvement, over the results achieved under other ratios, as to be classified as a difference in kind, rather than one of degree."* Compare *In re Wagner*, 371 F.2d 877, 884, 152 USPQ 552, 560 (CCPA 1967) (*differences in properties cannot be disregarded on the ground they are differences in degree rather than in kind*); *Ex parte Gelles*, 22 USPQ2d 1318, 1319 (Bd. Pat. App. & Inter. 1992) ("we generally consider a discussion of results in terms of differences in degree' as compared to differences in kind' . . . to have very little meaning in a relevant legal sense").

716.02(a) [R-2] Evidence Must Show Unexpected Results

Applicant's invention displays the characteristics of an invention which produces the results an ordinary practitioner would have expected at the time of Applicant's invention. Accordingly, it is Applicant's burden to disprove the examiner's judgments in the above obviousness rejections.

(2) Regarding the argument that there is no suggestion or motivation to make the obviousness combinations judged to be obvious by the examiner, the examiner respectfully points to the following case law:

(a) '*In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986)*'.

(b) *The Examiner recognizes that references cannot be arbitrarily combined and that there must be some reason why one skilled in the art would be motivated to make the proposed combination of primary and secondary references. In re Nomiya, 509 F.2d 566, 184 USPQ 607, (CCPA 1975)*

(c) *'There is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art. In re McLaughlin 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971)'.*

(d) *'... and references are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures. In re Bozek, 163 USPQ 545 (ccpa) 1969'.*

In this case, Applicant is first reminded that the examiner points out in the above rejections that the practitioner of ordinary skill is a professional licensed under state and federal statutes. A large number of these practitioners numbered in the tens of thousands are known as certified life underwriters and financial planners. Further, the motivations for using the teachings of Jones, Tyler, Tarbox and Cooperstein in various combinations and in combination with the knowledge of one of ordinary skill in the art are strong, as demonstrated by the following excerpts from the teachings contained in these references:

Jones states in Col. 2, II. 13-17 "... what is needed is a financial advisory system that employs advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals".

Tyler states in Col. 1, II. 19-24 "... the present invention pertains to a system and method for requesting ... information on insurance and investment products, such as, for example, annuity, life and disability insurance and investment products", and, in Col. 4, II. 57-61, "A uniform approach is needed, in which one user interface can be used to enter information about all possible products, and where the calculations that are performed are designed based on the operations that take place".

Tarbox states in Col. 1, II. 6-11 "The present invention relates generally to an investment program which includes a system and a method for collecting, monitoring and directing data from Benefit Plan participants and beneficiaries".

Cooperstein states in Col. 1, II. 4-8 "The present invention pertains generally to the financial field of insurance and more particularly to a computer implemented system for

determining certain values in annuity contracts", and, in Col. 3, ll. 6-7 "There is a need for a system that provides more disclosure of the workings of life annuity contracts ..". It is clear that each reference of prior art used in the rejections is in the same art as that of Applicant's invention. As such, an ordinary practitioner would have found strong motivation to use various teachings in this art in combination with his or her own knowledge to make combinations on the basis of obviousness in order to produce Applicant's invention.

D. The argument that certain references do not contain various elements of the claimed inventions.

Applicant is referred to the examiner's detailed review of each reference in the context of which aspects of the individual teachings are relied upon. Applicant repeats his previous argument that each of these references does not teach or suggest various other aspects of Applicant's claims beyond the scope used in the rejections. However, these arguments are moot because no single reference is relied upon to teach Applicant's inventions since the Examiner relies upon obviousness combination by one of ordinary skill in the art.

As stated in the reply to arguments in the last Office Action dated May 7, 2004, in this context, Applicant argues that Tarbox, Jones, Cooperstein and Tyler each do not teach or suggest certain matters involving the rejections. Applicant is referred to the detailed exposition found in the Reply to Arguments section of the last Office Action dated May 7, 2004. For Applicant's convenience it is noted that in the ten rejection statements, all are obviousness rejections, with the primary reference being Tarbox five times and Tyler five times. The Jones, Cooperstein, Banks and Ryan references are only used as secondary references. Further the Barron's, Best's Review and Dictionary of Investing references are used to demonstrate that conversion was well known in the art at the time of Applicant's invention.

Conclusion

16. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is 703-305-6199. The Examiner can normally be reached Monday through Friday, 9am to 6pm. If attempts to reach the Examiner by telephone are unsucccessful, the Examiner's supervisor, Hyung S. Sough, can be reached on 703- 308-0505.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 308-1113.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks Washington D.C. 20231

or faxed to:

(703)305-7687 [Official communications; including After Final communications labeled "Box AF"]

(703) 746-8177 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th floor receptionist.

SEC

August 30, 2004



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